



## **ASX ANNOUNCEMENT**

29 November 2023

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

### **RETAIL ENTITLEMENT OFFER OPENS**

On Tuesday, 21 November 2023, Appen Limited (**Appen**) (ASX code: APX) announced an accelerated non-renounceable entitlement offer (**Entitlement Offer**) and placement to raise approximately \$30 million.

The retail component of Appen's Entitlement Offer (**Retail Entitlement Offer**) opens today, Wednesday, 29 November 2023. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney time) on Friday, 8 December 2023 (unless extended).

Attached is a copy of the Retail Offer Booklet which will be made available to eligible retail shareholders, either by email (if they have elected to receive electronic communications only), online or by post together with an Entitlement and Acceptance Form. A copy of both documents can also be accessed by eligible retail shareholders through <https://events.miraqle.com/apx-offer/>.

Also attached is a copy of a letter that will be made available to ineligible retail shareholders notifying them of the Retail Entitlement Offer.

The Retail Offer Booklet and the Entitlement and Acceptance Form contains important information about the Retail Entitlement Offer including how eligible retail shareholders in Australia and New Zealand can apply to participate in the Retail Entitlement Offer.

Eligible shareholders can contact the the Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) for more information. The Appen Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday.

**Authorised by Company Secretary of Appen Limited, Mr Carl Middlehurst.**

**For more information, please contact:**

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### **Important Information**

This announcement does not constitute financial product advice and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors are encouraged to seek independent financial advice before making any investment decision.

### **Not for Release or Distribution in the United States**

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except in transactions exempt from, or not subject to, the registration of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

# Appen Limited

## Retail Entitlement Offer Booklet

**Appen Limited** (ACN 138 878 298)

1 for 3.65 pro rata accelerated non-renounceable entitlement offer of Appen Limited ordinary shares at an Offer Price of \$0.55 per New Share

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Friday, 8 December 2023



### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

If you are an Eligible Retail Shareholder, this Retail Offer Booklet and the personalised Entitlement and Acceptance Form that accompanies it contains important information and requires your immediate attention. You should read both documents carefully and in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). If you have any questions, please call your stockbroker, accountant or other professional adviser or the Appen Limited Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 outside Australia) between 8:30am and 5:30pm (AEDT), Monday to Friday.

## Important Notices

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This Retail Offer Booklet is dated 29 November 2023, and has been issued by Appen Limited (ACN 138 878 298) (**Appen**). It relates to the Retail Entitlement Offer, which is part of the Entitlement Offer by Appen to raise approximately A\$23.6 million. Unless otherwise defined in this section, capitalised terms in this section have the meaning given to them elsewhere in this Retail Offer Booklet.

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by the *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) and *Australian Securities Investments Commission Corporations (Disregarding Technical Relief) Instrument 2016/73*.

This Retail Offer Booklet is not a prospectus or a product disclosure statement under the Corporations Act and it has not been lodged with ASIC. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or a product disclosure statement. As a result, it is important for you to read and understand the publicly available information on Appen and the Entitlement Offer (for example, the information available on Appen's website at [appen.com](https://www.appen.com) or on the Australian Securities Exchange (**ASX**) website at <https://www.asx.com.au>) prior to deciding whether to accept your Entitlement and apply for New Shares. The information in this Retail Offer Booklet does not constitute financial product advice, and does not take into account your investment objectives, financial situation or particular needs.

There may be additional announcements made by Appen after the launch of the Retail Entitlement Offer on 29 November 2023 and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Appen (by visiting the ASX website at <https://www.asx.com.au>) before submitting your Application to take up your Entitlement or doing nothing with your Entitlement.

**Please contact your stockbroker, accountant or other professional adviser or the Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday if you have any questions.**

This Retail Offer Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide whether to participate in the Retail Entitlement Offer. In particular, the Investor Presentation in Section 4 of this Retail Offer Booklet details important factors and risks that could affect the financial and operating performance of Appen. Please refer to the "Key Risks" sections of the Investor Presentation for details. When making an investment decision in connection with the Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some

of which have been outlined in Section 3 of this Retail Offer Booklet).

In addition to reading this Retail Offer Booklet in conjunction with Appen's other periodic and continuous disclosure announcements, you should conduct your own independent review, investigations and analysis of Appen and the New Shares and obtain any professional advice you require to evaluate the merits and risks of an investment in Appen before making any investment decision.

By paying for your New Shares through BPAY® or EFT in accordance with the instructions in the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

### No overseas offering

The Retail Offer Booklet, the Entitlement and Acceptance Form and any accompanying ASX announcements have been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia and New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are applying for New Shares is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "International selling restrictions" section of the Investor Presentation included in Section 4 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

### New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of Appen with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that

a product disclosure statement under New Zealand law is required to contain.

#### **United States**

None of this Retail Offer Booklet, any accompanying ASX announcements and the Entitlement and Acceptance Form constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

The Entitlements and the New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up or exercised by and the New Shares may not be offered, sold or resold, directly or indirectly, to a person in the United States or acting for the account or benefit of a person in the United States (to the extent such persons are acting for the account or benefit of a person in the United States), except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction of the United States.

In the Retail Entitlement Offer, the Entitlements may only be taken up or exercised by and the New Shares may only be offered or sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Neither this Retail Offer Booklet (nor any part of it), the Entitlement and Acceptance Form, any accompanying ASX announcement nor any other material relating to the Retail Entitlement Offer may be distributed or released in the United States, to any person in the United States or to any person acting for the account or benefit of any person in the United States.

#### **Future performance and forward looking statements**

This Retail Offer Booklet and certain accompanying ASX announcements contain certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “guidance”, “outlook”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Retail Offer Booklet are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Appen, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures. You are cautioned not to place undue reliance on any forward looking statements.

No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or

reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Retail Offer Booklet.

The forward looking statements are based on information available to Appen as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), Appen undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

#### **Past performance**

Investors should note that any past performance information, including past share price performance and pro forma historical information, is provided for illustrative purposes only, and cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) future Appen performance, including future financial position or share price performance. The pro forma historical information is not represented as being indicative of Appen’s views on its future financial condition and/or performance.

#### **References to “you” and “your Entitlement”**

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders (as defined in Section 5.1) and references to “your Entitlement” (or “your personalised Entitlement and Acceptance Form”) are references to the Entitlements (or personalised Entitlement and Acceptance Form) of Eligible Retail Shareholders.

#### **Times and dates**

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the “Key Dates” section of this Retail Offer Booklet for more details.

#### **Currency**

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

#### **Taxation**

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 3 provides a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders. The guide is expressed in general terms and does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Appen recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

#### **Governing law**

This Retail Offer Booklet, the Retail Entitlement Offer, and the contracts formed on acceptance of the Applications are governed by the laws of New South Wales, Australia. Each Eligible Retail Shareholder who submits an Application submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

#### **No representations**

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement

Offer which is not contained in the Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet, the accompanying Entitlement and Acceptance Form and any accompanying ASX announcements, may not be relied upon as having been authorised by Appen or any of its officers in connection with the Retail Entitlement Offer.

#### **Underwriter**

Barrenjoey Markets Pty Limited (ACN 636 976 059) (**Underwriter**) is acting as lead manager, bookrunner and underwriter to the Entitlement Offer. Neither the Underwriter, nor any of its affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor its directors, employees, officers, representatives, agents, partners, consultants and advisers (together the **Underwriter Parties**), nor the advisers to Appen or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet (or any other materials released by Appen) and none of them makes or purports to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by any of them.

The Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Appen.

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Appen and the Underwriter.

To the maximum extent permitted by law, each of Appen and the Underwriter and each of their respective affiliates disclaim any duty or liability in respect of that determination and the exercise or otherwise of that discretion.

The Underwriter Parties: (1) have not caused the issue of this Retail Offer Booklet or the issue of any New Shares pursuant to the Entitlement Offer, (2) have not made any statements in this Retail Offer Booklet (other than references to its name), and (3) do not accept any responsibility for any statements in this Retail Offer Booklet (other than references to its name) or any omissions from and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet.

The Underwriter Parties make no recommendation as to whether you or your related parties should participate in the Retail Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and by paying for your New Shares through BPAY® or EFT in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Underwriter Parties in relation to the New Shares or the Entitlement Offer generally.

Statements made in this Retail Offer Booklet are made only as the date of this Retail Offer Booklet. The information in this Retail Offer Booklet remains subject to change without notice.

#### **Trading New Shares**

Appen and the Underwriter, and each of their directors, officers, employees, agents and consultants, will have no responsibility to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Appen or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

#### **No Entitlements trading**

The Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

#### **No cooling-off rights**

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw an Application once it has been submitted.

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## Summary of the Retail Entitlement Offer

<b>Offer Price</b>	A\$0.55 per New Share
<b>Your Entitlement</b>	1 New Share for every 3.65 Existing Shares held on the Record Date

## Key dates for the Retail Entitlement Offer

Announcement of the Entitlement Offer and the Placement	Tuesday, 21 November 2023
Record Date for eligibility in the Retail Entitlement Offer (7.00pm, Sydney time)	Friday, 24 November 2023
<b>Retail Entitlement Offer opens</b>	Wednesday, 29 November 2023
Retail Offer Booklet made available, including personalised Entitlement and Acceptance Form	Wednesday, 29 November 2023
<b>Retail Entitlement Offer closes (5.00pm, Sydney time)</b>	Friday, 8 December 2023
Settlement of Retail Entitlement Offer	Thursday, 14 December 2023
Issue of New Shares under the Retail Entitlement Offer	Friday, 15 December 2023
Quotation and normal trading on ASX of New Shares issued under the Retail Entitlement Offer	Monday, 18 December 2023
Despatch of holding statements	Tuesday, 19 December 2023

*Note: The timetable above is indicative only and may change. Appen reserves the right, where reasonable, to amend any or all of these dates and times having regard to market conditions, the circumstances of the Entitlement Offer and Appen's business needs and subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Appen reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Retail Entitlement Offer. Material changes to the timetable for the Entitlement Offer will be disclosed on ASX as soon as practicable. Any extension of the closing date may have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.*

### No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to pay for your New Shares through BPAY® or EFT in the manner described in this Retail Offer Booklet and your Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

### Enquiries

If you have any questions, please call the Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia). The Appen Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday.

Alternatively, contact your stockbroker, accountant or other professional adviser.



## Chair's Letter

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29 November 2023

Dear Appen Shareholder,

On behalf of the Appen Limited board, I am pleased to invite you to participate in a 1 for 3.65 pro rata accelerated non-renounceable entitlement offer of new Appen ordinary shares (**New Shares**) at an offer price of \$0.55 per New Share (**Offer Price**), to raise gross proceeds of approximately \$23.6 million. (**Entitlement Offer**).

The proceeds of the Entitlement Offer are intended to be used to provide balance sheet flexibility and general working capital requirements to support Appen's return to profitability and transaction costs.

### Details of the Entitlement Offer

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**), and is being conducted in conjunction with a placement of ordinary shares to Institutional Investors (**Placement**) as announced on 21 November 2023. The Offer Price is the same as the offer price under the Placement. As announced to ASX on 23 November 2023, Appen has successfully completed the Institutional Entitlement Offer raising approximately \$6.3 million, and the Placement raising approximately \$6.4 million for Appen. The Retail Entitlement Offer is expected to raise approximately \$17.3 million. The Placement and the Entitlement Offer are fully underwritten.

Under the Retail Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 1 New Share for every 3.65 existing Appen ordinary shares (**Shares**) held on the Record Date of 7.00pm (Sydney time) on 24 November 2023 (**Entitlements**). The Offer Price of \$0.55 per New Share represents an approximate 42.1% discount to the closing share price of \$0.95 on 20 November 2023, being the last trading day shares traded before the Entitlement Offer was launched and a 35.1% discount to the theoretical ex-rights price (**TERP**)<sup>1</sup> of \$0.85 on 20 November 2023, being the last trading day shares traded before the Entitlement Offer was launched.

### Other information

This offer booklet (**Retail Offer Booklet**) relates to the Retail Entitlement Offer. This Retail Offer Booklet contains important information about the Retail Entitlement Offer and Appen's business under the following headings:

- Key dates;
- Summary of options available to you;
- Actions required by you (including instructions on how to participate in the Retail Entitlement Offer if you choose to do so);
- Australian taxation considerations;
- ASX announcements (including the Investor Presentation, which provides information on Appen, including information relating to the use of the proceeds of the Entitlement Offer, and a summary of some of the key risks associated with an investment in Appen); and

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<sup>1</sup> TERP is the theoretical ex-rights price including the Placement shares. TERP is calculated by reference to Appen's closing price of A\$0.95 on 20 November 2023, being the last trading day prior to the announcement of the Entitlement Offer and Placement. TERP is a theoretical calculation only and the actual price at which Appen shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP.

- Additional information.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Entitlement. If you choose to do nothing, your Entitlement will lapse and you will receive no value for your Entitlement.

**The Retail Entitlement Offer closes at 5.00pm (Sydney time) on 8 December 2023.**

To participate, you need to ensure that you have completed your Application by paying the Offer Price multiplied by the number of New Shares you are applying for (**Application Monies**) by BPAY® or EFT before this time in the manner described in this Retail Offer Booklet.

Please carefully read this Retail Offer Booklet in its entirety before you invest and consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the “Key risks” section of the Investor Presentation included in Section 4 of this Retail Offer Booklet which contains a summary of some of the key risks associated with an investment in Appen.

If you have any questions in respect of the Entitlement Offer please call the Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) at any time from 8.30am to 5.30pm (Sydney time), Monday to Friday. Please consult your stockbroker, accountant or other professional adviser before making your investment decision.

On behalf of the Board of Appen, I thank you for your continued support and encourage you to consider this investment opportunity.

Yours faithfully,



Richard Freudenstein  
Chair

## Section 1 Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- take up all of your Entitlement;
- take up some of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement.

The Retail Entitlement Offer closes at 5.00pm on 8 December 2023.

If you are a retail Shareholder that is not an Eligible Retail Shareholder (as defined in Section 5.1), you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer.

Options available to you	Key considerations
<b>1. Take up all of your Entitlement</b>	<ul style="list-style-type: none"> <li>• You may elect to purchase New Shares at the Offer Price (see Section 2.4.1 for instructions on how to take up your Entitlement).</li> <li>• The New Shares will rank equally in all respects with Existing Shares (including rights to dividends and distributions).</li> </ul>
<b>2. Take up part of your Entitlement</b>	<ul style="list-style-type: none"> <li>• If you do not take up your Entitlement in full, that portion of your Entitlement not taken up will lapse and you will not receive any payment or value for them.</li> <li>• If you do not take up your Entitlements in full, your percentage holding in Appen will be diluted.</li> </ul>
<b>3. Do nothing, in which case your Entitlements will lapse and you will receive no payment or value for those lapsed Entitlements</b>	<ul style="list-style-type: none"> <li>• If you do not take up any of your Entitlements, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlements are non-renounceable, which means your Entitlements are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred.</li> <li>• You will not receive any payment or value for those Entitlements not taken up.</li> <li>• Although you will continue to own the same number of Appen shares, your percentage holding in Appen will be diluted.</li> </ul>

## Section 2 Actions required by you

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### 2.1 Overview of the Entitlement Offer

Appen intends to raise approximately \$23.6 million under the Entitlement Offer. As part of the Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 1 New Share for every 3.65 Existing Shares held as at 7.00pm (Sydney time) on 24 November 2023 (**Record Date**), at the Offer Price of \$0.55 per New Share.

The Entitlement Offer is comprised of:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders were given the opportunity to take up all or some of their Entitlements at the Offer Price of \$0.55 per New Share. Entitlements under the Institutional Entitlement Offer were non-renounceable. In total, approximately \$6.3 million was raised in the Institutional Entitlement Offer; and
- **Retail Entitlement Offer** – Eligible Retail Shareholders are being offered Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Entitlements are non-renounceable and are not tradeable or otherwise transferable.

The Entitlement Offer is fully underwritten. Barrenjoey Markets Pty Limited (ACN 636 976 059) has been appointed by Appen as underwriter of the Entitlement Offer (**Underwriter**).

You have a number of decisions to make in respect of your Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

Further details on the Retail Entitlement Offer are set out below.

### 2.2 The Retail Entitlement Offer

The Retail Entitlement Offer opens on 29 November 2023 and will close at 5.00pm (Sydney time) on 8 December 2023.

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*), which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an Application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Appen and the Retail Entitlement Offer made publicly available, including the information lodged by Appen with ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or some of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements made available at <https://www.asx.com.au> (including announcements which may be made by Appen after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer.

Eligible Retail Shareholders should be aware that an investment in Appen involves risks. The key risks identified by Appen are set out in the “Key risks” section of the Investor Presentation (enclosed in Section 4 of this Retail Offer Booklet).

### 2.3 Your Entitlement

Your Entitlement is set out on your personalised Entitlement and Acceptance Form and have been calculated as 1 New Share for every 3.65 Existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement has been rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with Existing Shares and will be entitled to dividends/distributions on the same basis as Existing Shares.

See Section 5.1 and the 'Important Notices' section (particularly under the heading 'No overseas offering') for information on restrictions on participation in the Retail Entitlement Offer.

The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States.

## **2.4 Options available to you**

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement:

- (a) take up your Entitlement in full (see Section 2.4.1); or
- (b) take up part of your Entitlement, in which case the balance of your Entitlement would lapse (see Section 2.4.2); or
- (c) do nothing, in which case your Entitlement will lapse and you will receive no payment or value for your lapsed Entitlement (see Section 2.4.3).

The Entitlements are non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any payment or value for any part of their Entitlement they do not take up. Their percentage holding in Appen will be diluted.

Appen reserves the right to reject any Application that is received after the Retail Entitlement Offer closes. The Retail Entitlement Offer closes at 5.00pm on 8 December 2023 (however, that date may be varied by Appen, subject to the Corporations Act, the ASX Listing Rules and other applicable laws).

### **2.4.1 Taking up all of your Entitlement**

If you wish to take up all of your Entitlement, please pay your Application Monies via BPAY® or EFT by following the instructions set out on the personalised Entitlement and Acceptance Form, by no later than 5.00pm (Sydney time) on 8 December 2023.

Application Monies received by Appen in excess of the amount in respect of your Entitlement will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to you on any Application Monies received or refunded.

If you take up and pay for all your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on 15 December 2023.

### **2.4.2 Take up part of your Entitlement and allow the balance to lapse**

If you wish to take up some of your Entitlement, please pay your Application Monies via BPAY® or EFT by following the instructions set out on the personalised Entitlement and Acceptance Form by no later than 5.00pm (Sydney time) on 8 December 2023.

If Appen receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full at the Offer Price and the excess amount will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to you on any Application Monies received or refunded.

If you take up and pay for some of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on 15 December 2023.

### **2.4.3 Allowing your Entitlement to lapse**

If you take no action, you will not be allocated New Shares and your Entitlement will lapse.

## **2.5 Payment**

Please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Receipts for payment will not be issued. Appen will treat you as applying for as many New Shares as your payment will pay for in full at the Offer Price.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

Please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only, use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

By paying by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but you are deemed to have made the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in Section 2.7; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 8 December 2023. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take this into consideration in the timing of when you make payment.

## **2.6 Eligible Retail Shareholders in New Zealand**

If you are an Eligible Retail Shareholder in New Zealand who does not have an Australian bank account or cannot pay via BPAY®, you can pay by EFT. For more information, you should contact the Appen Limited Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

## **2.7 Representations by acceptance**

Making an Application (via payment made through BPAY® or otherwise) constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and, once paid, cannot be withdrawn.

By making a payment by BPAY® or EFT or otherwise applying to participate, you will be deemed to have represented and warranted to Appen on behalf of yourself and each person on whose account you are acting that you are an Eligible Retail Shareholder and you:

- acknowledge that you have received, read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and Appen's constitution;
- authorise Appen to register you as the holder of New Shares allotted to you;

- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that there is no cooling off period under the Retail Entitlement Offer and that once Appen receives your payment of Application Monies, you may not withdraw your Application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares for which you have submitted payment of any Application Monies, at the Offer Price per New Share;
- authorise Appen, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf reasonably necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that:
  - determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Appen and/or the Underwriter; and
  - each of Appen and the Underwriter, and each of their respective affiliates, disclaim any duty or liability in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Appen and is given in the context of Appen's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the "Key risks" section of the Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in Appen are subject to risk;
- acknowledge that none of Appen, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, contractors, partners, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the New Shares or the performance of Appen, nor do they guarantee the repayment of capital from Appen;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise Appen to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of Appen, the Underwriter, and their related bodies corporate and affiliates) that you did not participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

- represent and warrant that the law of any place does not prohibit you from being given access to this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares under the Retail Entitlement Offer;
- understand and acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and that accordingly the Entitlements may not be taken up or exercised by and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States or persons who are acting for the account or benefit of a person in the United States. You further acknowledge that New Shares offered and sold pursuant to the Retail Entitlement Offer may not only be offered or sold, directly or indirectly, in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- are subscribing for Entitlements or purchasing New Shares outside of the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- you and each person on whose account you are acting have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the personalised Entitlement and Acceptance Form is resident in Australia or New Zealand, is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the personalised Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person; and
- make all other representations and warranties set out in this Retail Offer Booklet.

## **2.8 Enquiries**

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia). The Appen Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday. Alternatively, you can access information about the Retail Entitlement Offer online at <https://events.miraql.com/apx-offer>. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.



## Section 3 Australian taxation considerations

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### 3.1 General

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications associated with the subscription of New Shares for certain Eligible Retail Shareholders.

This summary is general in nature and does not take account of the individual circumstances, financial objectives, tax positions, or investment needs of particular Eligible Retail Shareholders and does not constitute tax advice. The tax implications associated with subscribing for New Shares will vary depending on your particular circumstances. Neither Appen nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

This taxation summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments.

***You should consult your own professional tax adviser regarding the consequences of subscribing to New Shares to you in light of your particular circumstances.***

The information provided below is not applicable to all Eligible Retail Shareholders. This tax summary deals only with the Australian taxation implications associated with subscribing for the New Shares if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

This summary will not apply to you if you:

- are not a resident for Australian income tax purposes;
- hold your Shares on 'revenue account' or as 'trading stock' (as defined in the *Income Tax Assessment Act 1997* (Cth) (the **1997 Act**), such as share trading entities or entities who acquired their Shares for the purposes of resale at a profit);
- may be subject to special tax rules, such as partnerships, tax exempt organisations, insurance companies, dealers in securities or Shareholders who change their tax residency while holding their Shares;
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme, and where those shares remain subject to deferred taxation under Division 83A of the 1997 Act (other than where those Shares are no longer subject to any relevant employee share scheme rules); and/or
- are subject to the taxation of financial arrangement rules in Division 230 of the 1997 Act in relation to gains and losses on your Shares, except as otherwise noted in section 3.7 below.

This summary is based on the provisions of the *Income Tax Assessment Act 1936* (Cth) and the 1997 Act as at the date of this Retail Offer Booklet. The summary does not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities. The summary also does not take into account tax legislation of any country other than Australia.

### **3.2 Issue of Entitlements**

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

### **3.3 Exercise of Entitlements**

You should not derive any assessable income, or make any capital gain or loss, if you take up (i.e. exercise) all or some of your Entitlements and you acquire New Shares.

The cost base (and reduced cost base) for capital gains tax (**CGT**) purposes of each New Share should include the Offer Price for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

For CGT purposes, the date that the New Shares should be treated as having been acquired is the date of exercising the Entitlement.

### **3.4 Entitlements not taken up**

Any Entitlements not taken up under the Retail Entitlement Offer will lapse and the Eligible Retail Shareholder will not receive any consideration. In these circumstances, there should not be any tax implications for an Eligible Retail Shareholder from the lapse of all or some of their Entitlements.

### **3.5 Dividends on New Shares**

Generally speaking, future dividends paid or other distributions made in respect of New Shares should be subject to the same tax issues as dividends paid or other distributions made on Existing Shares held in the same circumstances.

### **3.6 Disposal of New Shares**

A disposal of a New Share will trigger a CGT event A1.

Broadly, you will:

- make a 'capital gain' if the capital proceeds received from the disposal exceed the cost base of the New Share;
- make a 'capital loss' if the capital proceeds from the disposal are less than the reduced cost base of the New Share.

The cost base of New Shares is described above in Section 3.3.

Generally, Eligible Retail Shareholders who are individuals, trustees or complying superannuation entities that have held the New Shares for at least 12 months at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount to reduce the capital gain (after offsetting any available capital losses and subject to certain integrity rules).

The applicable CGT discount is 50% for individuals and trusts, or 33 $\frac{1}{3}$ % for Australian complying superannuation entities. The CGT discount is not available for companies.

Based on the acquisition date of the New Shares (as described in section 3.3 above), in order to be eligible for the CGT discount on the disposal of a New Share, the New Share must be held for at least 12 months after the date that you exercised your Entitlement.

As the rules relating to discount capital gains for trusts are complex, Appen recommends that trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trusts' beneficiaries.

If you make a capital loss, you can only use that loss to offset capital gains from other sources; i.e. the capital loss cannot be used against assessable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to reduce capital gains you derive in

future income years. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances.

### **3.7 Taxation of Financial Arrangements**

The 'Taxation of Financial Arrangements' rules under Division 230 of the 1997 Act (**TOFA Provisions**) operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'.

A right to receive a share is a 'financial arrangement'. However, depending on the circumstances of the particular Eligible Retail Shareholder, the TOFA Provisions may not apply. Further, certain taxpayers (including individuals) are generally excluded from the operation of the TOFA Provisions unless they have made a valid election for it to apply.

The application of the TOFA Provisions is complex, and dependent on the particular facts and circumstances of the Eligible Retail Shareholder. Each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA Provisions to their particular facts and circumstances.

### **3.8 Provision of TFN and/or ABN**

Appen is required to deduct withholding tax from payments of dividends that are not 100% franked, at the rate specified in the *Taxation Administration Regulations 2017* (Cth) (currently 47%), and remit such amounts to the ATO, unless you have quoted a TFN or an ABN, or a relevant exemption applies (and has been notified to Appen).

You are able to provide your TFN, ABN or relevant exemption online with the Share Registry at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). When providing your details online, you will be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

### **3.9 Other Australian Taxes**

There should be no Australian GST payable by Eligible Retail Shareholders in respect of the issue or taking up of Entitlements or the acquisition of New Shares, pursuant to the Retail Entitlement Offer.

There should also be no stamp duty payable by Eligible Retail Shareholders on the acquisition of New Shares provided each Eligible Retail Shareholder, and any related persons, do not hold, as a result of such acquisition, 90% or more of the interests in Appen.

**Section 4    Announcements**

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## Section 5 Additional information

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### 5.1 Eligible Retail Shareholders

This Retail Offer Booklet is being offered to Eligible Retail Shareholders only.

**Eligible Retail Shareholders** are persons at 7.00pm on the Record Date who:

- are registered as a holder of Shares;
- have a registered address on the Appen share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States to the extent such persons hold Appen ordinary shares for the account or benefit of persons in the United States;
- did not participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

If a Shareholder (including a nominee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of such person.

Retail Shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders.

**(Ineligible Retail Shareholders)**. Appen reserves the right to determine whether a retail Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By making a payment by BPAY® (or otherwise), you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Appen may (in its absolute discretion) extend the Retail Entitlement Offer to any Institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Appen has decided that it is unreasonable to make offers under the Retail Entitlement Offer to retail Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the relevant legal and regulatory requirements in those places, including the cost of complying with the relevant legal and regulatory requirements.

Appen may (in its absolute discretion) extend the Retail Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand (except for Shareholders in the United States) in accordance with applicable law.

### 5.2 Ranking of New Shares

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with Existing Shares and will be entitled to dividends/distributions on the same basis as Existing Shares. The rights and liabilities attaching to the New Shares are set out in Appen's constitution, a copy of which is available at <https://appen.com/investors/corporate-governance/>.

### 5.3 Reconciliation

The Entitlement Offer is a complex process and in some instances investors may believe that they owned more Shares than they ultimately were recorded as holding as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. This may result in a need for reconciliation to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement.

Appen may need to issue a small quantity of additional New Shares to ensure all Eligible Retail Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Appen also reserves the right to reduce the size of Entitlements or the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if Appen believes in its absolute discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims, or if they are not Eligible Retail Shareholders.

#### **5.4 Allowing your Retail Entitlement to lapse**

Retail Entitlements which are not taken up by the Retail Closing Date, being 5.00pm (Sydney time) on 8 December 2023 will lapse.

#### **5.5 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they have been rounded up to the nearest whole number of New Shares.

#### **5.6 Notice to nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in Eligible Jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

If Appen believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for being an Eligible Retail Shareholder;
- Eligible Institutional Shareholders who participated in the Institutional Entitlement Offer (whether they accepted their Entitlements or not) and Institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer; or
- Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons must not take up any Entitlements on behalf of, or send any part of this Retail Offer Booklet or any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to exercise any Entitlements and may receive no payment or value for them.

Appen is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Appen is not able to advise on foreign laws.

## 5.7 Allotment, quotation and trading

Appen will apply to ASX for official quotation of the New Shares, in accordance with the ASX Listing Rules requirements. If ASX does not grant such quotation, Appen will repay all Application Monies (without interest).

It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on 15 December 2023. Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on 18 December 2023. Application Monies will be held by Appen on trust for applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of applicants to determine the number of New Shares allotted and issued to them prior to trading in such shares. The sale by an applicant of New Shares prior to receiving their holding statement is at the applicant's own risk.

## 5.8 Continuous disclosure

Appen is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports. Appen is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Appen has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at <https://www.asx.com.au>.

Some documents are required to be lodged with ASIC in relation to Appen. These documents may be obtained from, or inspected at, an ASIC office.

## 5.9 Underwriting arrangements

### 5.9.1 Underwriter

Appen has entered into an underwriting agreement with the Underwriter (**Underwriting Agreement**) under which the Underwriter has agreed to fully underwrite the Offer, subject to the terms and conditions of the Underwriting Agreement. The obligation on the Underwriter to underwrite the Offer is conditional on certain customary matters, including Appen delivering certain certificates, sign-offs and opinions to the Underwriter. The Underwriting Agreement is subject to certain terms and conditions which are customary for an Underwriting Agreement of this type, including conditions precedent, representations, warranties, indemnities and undertakings in favour of the Underwriter.

Additionally, the Underwriter may (in certain circumstances having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, which are set out in the 'Summary of Underwriting Agreement' section of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

Please see the ASX Announcement and Investor Presentation (in particular, the 'Summary of Underwriting Agreement' section of the Investor Presentation) for further details about the Underwriting Agreement.

## 5.10 Withdrawal of the Entitlement Offer

Appen reserves the right to withdraw or vary all or part of the Entitlement Offer and this Retail Offer Booklet at any time, subject to applicable laws, in which case Appen will refund Application Monies in relation to Entitlements and New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer

has occurred, Appen may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Appen will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Appen.

### **5.11 Privacy**

As a Shareholder, Appen and the Share Registry have already collected certain personal information (which includes your name, mailing address, details of your shareholding, number of Entitlements grants, and bank account details) from you. If you apply for New Shares, Appen and the Share Registry may update that personal information or collect additional personal information for the purposes of:

- processing your Application and assessing your acceptance of the New Shares;
- servicing your needs as a Shareholder and providing facilities and services that you request; and
- carrying out appropriate administration.

This Retail Entitlement Offer is a rights issue in accordance with the Corporations Act, and Appen is required to collect personal information about you under the Corporations Act and Australian taxation laws as part of this offer. If you do not provide your personal information, Appen may be hindered in, or prevented from, processing your Application. Appen and the Share Registry may disclose this personal information for these purposes, or as required or authorised by law, to its subsidiaries and relevant organisations involved in providing, managing or administering your product or service such as third party suppliers, other organisations, loyalty and affinity partners, printers, posting services, call centres, and Appen's advisers.

Some of the personal information that Appen receives about you may be collected by Appen from the Share Registry or from a broker or third party if you have listed such a party as your contact. The personal information you provide will ordinarily be held and used within Australia and disclosed to third parties who are located in Australia. Appen may disclose information to recipients which are located outside Australia. You can find details about the location of some of these recipients in Appen's Privacy Policy. Where personal information is disclosed, Appen will seek to ensure that the information is held, used or disclosed consistently with the *Privacy Act 1988* (Cth) and any other applicable privacy laws and codes. Appen's Privacy Policy is available on its website at [appen.com/legal-policies/](http://appen.com/legal-policies/) and provides more information on:

- how Appen stores and uses, and how you may access and correct, your personal information;
- how you can lodge a complaint regarding Appen's handling of your personal information; and
- how Appen will handle any complaint.

If you would like any further information about Appen's privacy practices or access to the personal information collected by Appen in relation to your shareholding, you may contact Appen through the Appen Offer Information Line by calling 1300 728 779 from within Australia or +61 1300 728 779 from outside Australia. The Appen Offer Information Line operates from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period.



## Section 6 Glossary

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**\$** or **A\$** or **dollars** means Australian dollars.

**1997 Act** means the *Income Tax Assessment Act 1997* (Cth).

**ABN** means Australian Business Number.

**Appen** means Appen Limited (ACN 138 878 298).

**Announcements** means the ASX Announcement, the Investor Presentation and the Institutional Offer Results.

**Application** means an application to subscribe for New Shares under the Retail Entitlement Offer in accordance with the instructions set out in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form.

**Application Monies** means monies received from applicants in respect of their Applications.

**Appen Offer Information Line** means the shareholder information line with the following details: 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) available at any time from 8.30am to 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange.

**ASX Announcement** means the announcement released to ASX on Tuesday, 21 November 2023 in connection with the Offer, a copy of which is included in Section 4 of this Retail Offer Booklet.

**ASX Listing Rules** means the official listing rules of ASX, as amended or replaced from time to time except to the extent of any waiver granted by ASX.

**CGT** means capital gains tax.

**Commissioner** means Commissioner of Taxation.

**Corporations Act** means *Corporations Act 2001* (Cth).

**CRN** means customer reference number.

**Eligible Institutional Shareholder** means an Institutional Shareholder:

- (a) to whom ASX Listing Rule 7.7.1(a) does not apply; and
- (b) who is not an Ineligible Institutional Shareholder, is eligible to receive an Institutional Entitlement Offer and has successfully received an offer under the Institutional Entitlement Offer (as the Underwriter determines in its absolute discretion),

provided that if they are a nominee, they will only be an Eligible Institutional Shareholder to the extent they hold Shares for beneficiaries who would have been Institutional Shareholders had they held the Shares themselves.

**Eligible Jurisdictions** means Australia and New Zealand.

**Eligible Retail Shareholder** has the meaning in Section 5.1.

**Eligible Shareholder** means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

**Entitlement** means the entitlement to 1 New Share for every 3.65 Existing Shares held on the Record Date (being 7.00pm (Sydney time) on Friday, 24 November 2023) by Eligible Shareholders.

**Entitlement and Acceptance Form** means the entitlement and acceptance form, which can be accessed and downloaded at the Entitlement Offer website: <https://events.miraqle.com/apx-offer>.

**Entitlement Offer** means the pro rata accelerated non-renounceable entitlement offer to Eligible Shareholders in the proportion of 1 New Share for every 3.65 Existing Shares held on the Record Date (being 7.00pm (Sydney time) on Friday, 24 November 2023) at the Offer Price, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

**Existing Share** means a Share on issue on the Record Date (being 7.00pm (Sydney time) on Friday, 24 November 2023).

**GST** means goods and services tax.

**HIN** means Holder Identification Number, which can have up to 10 digits and will start with the letter 'X'.

**Ineligible Institutional Shareholder** means an Institutional Shareholder:

- (a) who has a registered address outside the Eligible Jurisdictions and any other jurisdictions as Appen and the Underwriter agree;
- (b) to whom ASX Listing Rule 7.7.1(a) applies; and
- (c) who, in the absence of the application of ASX Listing Rule 7.7.1(a), would have been an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means a retail Shareholder who is not an Eligible Retail Shareholder as defined in Section 5.1.

**Institutional Entitlement Offer** means the pro rata entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

**Institutional Investor** means a person:

- (a) to whom an offer of New Shares may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*; or
- (b) who is an institutional or professional investor to whom an offer of New Shares may be made outside Australia without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of a foreign jurisdiction listed in, and to the extent permitted under, the 'International selling restrictions' section of the Investor Presentation,

and in each case who has been approached by the Underwriter in their absolute discretion as part of the Institutional Entitlement Offer and provided that if such person is in the United States, the person meets certain eligibility criteria determined by Appen and the Underwriter.

**Institutional Offer Results** means the announcement released to ASX on Thursday, 23 November 2023 containing the results of the Institutional Entitlement Offer and the Placement, a copy of which is included in Section 4 of this Retail Offer Booklet.

**Institutional Shareholder** means a Shareholder on the Record Date (being 7.00pm (Sydney time) on Friday, 24 November 2023) who is an Institutional Investor.

**Investor Presentation** means the investor presentation in connection with the Offer dated Tuesday, 21 November 2023, a copy of which is included in Section 4 of this Retail Offer Booklet.

**New Share** means a Share issued under the Entitlement Offer.

**Offer** means the Entitlement Offer and the Placement.

**Offer Price** means \$0.55 per New Share.

**Placement** means the institutional placement, as announced by Appen on Tuesday, 21 November 2023.

**Record Date** means 7.00pm (Sydney time) on Friday, 24 November 2023.

**Regulation S** means Regulation S under the US Securities Act.

**Retail Closing Date** means 5.00pm (Sydney time) on Friday, 8 December 2023.

**Retail Entitlement Offer** means the pro rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders under the Entitlement Offer.

**Retail Entitlement Offer Period** means the period from Wednesday, 29 November 2023 to 5.00pm (Sydney time) on Friday, 8 December 2023.

**Retail Offer Booklet** means this booklet dated 29 November 2023.

**Share** means each ordinary share in Appen.

**Share Registry** means Link Market Services Limited (ABN 54 083 214 537).

**Shareholder** means the registered holder of a Share.

**SRN** means Security Reference Number, which can have up to 10 digits and will start with the letter 'I'.

**Sydney time** means the time in Sydney, Australia.

**TFN** means Tax File Number.

**TOFA Provisions** means the 'Taxation of Financial Arrangements' rules under Division 230 of the 1997 Act.

**Underwriter** means the underwriter of the Entitlement Offer and Placement, being Barrenjoey Markets Pty Limited (ACN 636 976 059).

**Underwriter Parties** means the Underwriter, any of its affiliates, related bodies corporate (as that term is defined in the Corporations Act), its directors, employees, officers, representatives, agents, partners, consultants and advisers.

**Underwriting Agreement** means the underwriting agreement between Appen and the Underwriter, as described in Section 5.9.

**US Securities Act** means the US Securities Act of 1933.

## Corporate Directory

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### **Company**

Appen Limited  
Level 6, 9 Help Street  
Chatswood NSW 2067

### **Appen Offer Information Line**

Within Australia: 1300 728 779  
Outside of Australia: +61 1300 728 779  
Open between 8.30am to 5.30pm (Sydney time) Monday to Friday

### **Legal Adviser**

Allens  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000 Australia

### **Underwriter**

Barrenjoey Markets Pty Limited  
ACN 636 976 059  
Quay Quarter Tower  
Level 19, 50 Bridge Street  
Sydney NSW 2000

### **Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000



**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

29 November 2023

**NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES**

Dear Shareholder,

**APPEN LIMITED**

**ACCELERATED NON-RENOUCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Tuesday, 21 November 2023, Appen Limited (**Appen**) announced that it was conducting a capital raising by way of a pro-rata accelerated non-renounceable entitlement offer to eligible shareholders to subscribe for 1 new fully paid ordinary share (**New Share**) for every 3.65 existing fully paid ordinary shares in Appen (**Shares**) held at 7.00pm (Sydney time) on Friday, 24 November 2023 (**Record Date**) at a price of A0.55 (**Offer Price**) for each New Share to raise approximately A\$23.6 million (**Entitlement Offer**).

Appen also announced a placement of New Shares to institutional investors at the Offer Price to raise approximately A\$6.4 million (**Placement**, and together with the Entitlement Offer, the **Offer**), which occurred concurrently with the institutional component of the Entitlement Offer. The Offer is expected to raise a combined amount of approximately A\$30 million. The net proceeds from the Offer will be used to provide balance sheet flexibility and general working capital requirements to support Appen's return to profitability and transaction costs.

#### **PURPOSE OF THIS LETTER**

This is a letter to inform you about the Retail Entitlement Offer (defined below) and to explain why you will not be able to subscribe for New Shares under the Retail Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. **You are not required to do anything in response to this letter but there may be implications for you as a result of the Offer that you should be aware of.**

#### **DETAILS OF THE ENTITLEMENT OFFER**

The Entitlement Offer is being made by Appen without a prospectus or other disclosure document in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (defined below) to invest in New Shares at the same Offer Price as the institutional investors who participated in the Institutional Entitlement Offer (**Retail Entitlement Offer**).

The Institutional Entitlement Offer and the Placement have already closed and the results were announced to the Australian Securities Exchange (**ASX**) on Thursday, 24 November 2023. Appen has today lodged a retail offer booklet with ASX, which sets out further details in respect of the Retail Entitlement Offer (**Retail Offer Booklet**).

#### **ELIGIBILITY CRITERIA**

Appen has determined, pursuant to section 9A(3)(a) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to Appen's shareholders in certain countries in connection with the Retail Entitlement Offer. This decision was made after taking into account the legal and regulatory requirements in certain countries, the relatively small number of Appen shareholders in certain countries, the number and value of New Shares those Appen shareholders would otherwise be entitled to and the cost of complying with the applicable laws and the requirements of any regulatory authority in jurisdictions outside Australia and New Zealand.

Accordingly, in compliance with section 9A(3)(b) of the Corporations Act and ASX Listing Rule 7.7.1(b), Appen wishes to inform you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are shareholders of Appen who:

- a) are registered as a holder of existing Shares on the Record Date, being 7.00pm (Sydney time) Friday, 24 November 2023;
- b) have a registered address in Australia or New Zealand on the Record Date as noted on Appen's share register or are persons that Appen has determined in its discretion are Eligible Retail Shareholders;
- c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that such shareholders hold Shares for the account or benefit of such person in the United States);
- d) did not receive an invitation to participate in, or were otherwise ineligible to participate in, the Institutional Entitlement Offer and were not treated as "Ineligible Institutional Shareholders" under the Institutional Entitlement Offer (other than as a nominee, trustee or custodian, in each case in respect of other underlying holdings) as determined by Appen in its absolute discretion; and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification,

provided (for the avoidance of doubt) that if a shareholder of Appen (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Retail Entitlement Offer on behalf of such a person.

Shareholders who are not Eligible Retail Shareholders or eligible or ineligible institutional shareholders are ineligible retail shareholders and are consequently unable to participate in the Retail Entitlement Offer. Appen, in its absolute discretion, may extend the Entitlement Offer to any shareholder of Appen if it is satisfied that the Entitlement Offer may be made to that shareholder in compliance with all applicable laws.

#### **NON-RENOUNCEABLE OFFER**

As with the Institutional Entitlement Offer, the Retail Entitlement Offer is non-renounceable. This means that a number of New Shares equal to the number that you would otherwise be entitled to subscribe for under the Retail Entitlement Offer will be subscribed for by the underwriter (being Barrenjoey Markets Pty Ltd (the **Underwriter**)) and/or the sub-underwriters at the Offer Price. As a result, no amount will be payable by you and you will not otherwise receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Retail Shareholder. Your proportionate interest in Appen will also be diluted as a result of the Offer.

Further details in respect of the Entitlement Offer (including details of eligibility) can be found on the announcements platform of ASX ([www.asx.com.au](http://www.asx.com.au)).

#### **FURTHER INFORMATION**

If you have any questions in relation to any of the above matters, please contact Appen Offer Information Line on 1300 728 779 (within Australia) or +61 1300 728 779 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period for the Retail Entitlement Offer. For other questions, you should consult your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of Appen, we thank you for your continued support.

Yours sincerely,



**Carl Middlehurst**  
**Company Secretary**

## **IMPORTANT NOTICE AND DISCLAIMER**

### **DETERMINATION OF ELIGIBILITY**

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Appen and the Underwriter. Each of Appen, the Underwriter and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, contractors, consultants, advisers and agents expressly disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

### **GENERAL**

This letter is not a prospectus or offering document under Australian or New Zealand law or any other law.

This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any entitlements or New Shares in Appen.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this document is general information only and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other independent professional adviser.

### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This letter may not be released or distributed in the United States or in any other jurisdiction in which such an offer would be illegal. This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements under the Retail Entitlement Offer may not be taken up or exercised by, and the New Shares in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, to persons in the United States or any person that is acting for the account or benefit of a person in the United States, except in transactions that are exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States, in each case in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

### **IMPORTANT NOTICE TO NOMINEES**

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.